

Joint House Senate Committee on Health and Human Services  
August 25, 2011

Current Issues Facing North Carolina involving:  
Adult Care Homes, Housing for Mentally Ill Persons, and Personal Care Services

**Overview**

**Mentally Ill Persons residing in Adult Care Homes (ACH)**

- Department of Justice (DOJ) investigation of possible violations of the Americans with Disabilities Act and the Olmstead Decision concerning the housing of mentally ill persons in the least restrictive setting.
- DOJ finding: Approximately 5,800 mentally ill persons residing in 288 Adult Care Homes of 20 or more beds, where the mentally ill make at least 10 percent of the residents.
- State and Federal law prevents the admission of a mentally ill person to an ACH for the treatment of mental illness.
- The State subsidizes the cost of 75% of ACH residents through the State-County Special Assistance (SA) program. For people receiving SSI, this amounts to about \$550/month. Except on a limited basis, SA funding is not available to people with disabilities living in the community. The DOJ report states that this subsidy is roughly equivalent to what it would cost to provide support services to people with disabilities living in the community.
- Currently, there may be no other suitable residences to relocate these mentally ill residents.

**Adult Care Homes as Institutions for Mental Disease**

- Approximately 38 of the 288 Adult Care Homes have 10 or more mentally ill residents
- Federal law classifies facilities with more than 16 mentally ill residents—ages 21-64—as Institutions for Mental Disease (IMD)
- IMDs are ineligible to receive Medicaid reimbursement
- These 38 ACHs are in jeopardy of: 1) losing Medicaid reimbursement, and 2) having their mentally ill residents relocated to other residents/locations
- Approximately 1,300 of the 5,800 mentally persons residing in ACHs may be affected
- Currently, there may be no other suitable residence to relocate these mentally ill residents.

**Personal Care Services**

- In 2010, the General Assembly and CMS directed DHHS to revamp its Medicaid Personal Care Services (PCS) delivered in Adult Care Homes and In-Home.
- Eligibility to receive In-Home PCS was increased from needing help with two Activities of Daily Living to three Activities of Daily Living.
- DHHS was preparing to implement the necessary ACH and In-Home eligibility standards by February 29, 2012.
- In doing so, it has become apparent that many persons residing in ACHs do not have three or more ADLs.
- As result, these residents and the ACHs would lose their Medicaid funding, jeopardizing the ability of the residents to remain in the ACHs and financial viability of the facilities themselves.
- DHHS has requested permission to delay the implementation of the new PCS standards until October 1, 2012, to give DHHS time to resolve the interlocking issues of Adult Care Homes, Institutions of Mental Disease, and Personal Care Services the aged and disabled.